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WORK PLAN FOR 2000-2003 AND REQUEST FOR PROGRAMME EXPENDITURE AUTHORITY

Report of the Executive Director

CONTENTS

I. INTRODUCTION 2

II. UTILIZATION OF RESOURCES IN 1998 2

III. PROGRAMME PLANNING FOR 1999 3

IV. WORK PLAN FOR 2000-2003 AND REQUEST FOR PROGRAMME EXPENDITURE AUTHORITY 3
A. The basis of the work plan, 2000-2003 3
B. Resource distribution for 2000-2003 5
C. Request for programme expenditure authority 6

V. RECOMMENDATIONS 6

ANNEX 8

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I. INTRODUCTION

1. The objectives of this report are: (a) to review UNFPA 1998 resource utilization by programme area; (b) to describe the work plan for 2000-2003, including information about projected resources and the proposed utilization of programmable resources among country and intercountry activities as well as among country categories; and (c) to present the Executive Director's proposed programme expenditure authority for 2000 from regular resources, the estimates for new programmable regular resources for 2001-2003 and the estimates of new programme resources from multi-bilateral funding. Pertinent financial data used in the report are provided in tables in the Annex.

II. UTILIZATION OF RESOURCES IN 1998[1]

2. The income from regular resources for 1998 decreased to $278 million from $289.7 million in 1997. Total programmable regular resources amounted to $243 million, reflecting an expenditure of $53.5 million in the support budget, a transfer of $7 million from the operational reserve to programmable resources to adjust the reserve to its mandated level of 20 per cent of income, and a carry-forward of $11.5 million from 1997. The net income from multi-bilateral sources available as new programmable resources in 1998 was $28.5 million, which was about the same amount as in 1997. Combined with a carry-forward of $33.6 million from 1997, programmable multi-bilateral resources amounted to $62.1 million. Total programmable resources, both regular and multi-bilateral, amounted to $305.1 million (see table A).

3. While income decreased slightly, total project expenditures from regular resources increased somewhat from $214.4 million in 1997 to $216.6 million in 1998, reflecting efforts to maximize utilization of resources and increased programming capacity. Overall programme expenditure increased from $245.3 million in 1997 to $248 million in 1998, including expenditures for projects, expenditures for technical support services (TSS) of $22.3 million (a decrease of 5 per cent) and administrative and operational services (AOS) costs, which increased by 25 per cent to $9.1 million. Total project expenditures, from both regular and multi-bilateral resources, were $239.2 million and programme expenditures $271.7 million (see table B). The resource utilization rate (ratio of programme expenditure to total programmable resources) for regular resources in 1998 increased to 102 per cent from 95 per cent in 1997. UNFPA not only fully spent new regular income but also used the $11.5 million of carry-forwards from the previous year and the $7 million available as a result of the reduction in the level of the operational reserve. As a consequence, carry-forwards of programmable resources from 1998 to 1999 were minus $5 million (see table C).

4. With $235 million approved by the Executive Board in 1998 for new country programme cycles, the total of regular resources approved for country programmes has amounted to $750.6 million for the period 1996-1999. Reflecting the priority given to achieving the reproductive

[1] All financial figures for 1998 are provisional.

health goals within the country programmes and intercountry programmes, 71 per cent of these resources were approved for the core programme area of reproductive health, including family planning and sexual health, 19 per cent for population and development strategies and 10 per cent for advocacy. It is expected that the distribution in expenditures among the core programme areas will remain similar in coming years (see table D).

III. PROGRAMME PLANNING FOR 1999

5. Programme planning for 1999 is based on an income assumption of $280 million from regular resources, which is about the same level as the actual income of 1998. With this income assumption, the need to replenish the operational reserve by $5 million utilized during 1998 and the absence of carry-forwards from 1998, UNFPA is obliged to allocate a lower level of resources for programme areas in 1999 -- $220 million compared to $248 million in 1998. This will slow down programme implementation, losing the momentum gained over the past few years since the International Conference on Population and Development (ICPD) was held in Cairo in 1994. In view of the decrease in regular resources, including the non-contribution of one of the major traditional donors, the importance of multi-bilateral and other resources becomes greater.

IV. WORK PLAN FOR 2000-2003 AND REQUEST FOR PROGRAMME EXPENDITURE AUTHORITY

A. The basis of the work plan, 2000-2003

6. The work plan is a projected programme of UNFPA assistance. It also presents planned allocations by country categories in line with the resources allocation system as contained in Executive Board decision 96/15. This system is based on the goals and principles of the ICPD Programme of Action and classifies countries into categories depending on their achievements towards reaching three main ICPD goals, namely, access to reproductive health services, maternal mortality reduction and universal primary education. It is a rolling four-year plan based on income projections, prior commitments and the foreseeable needs of ongoing and planned country programmes, interregional programmes and technical support services. The work plan reflects the estimated costs foreseen to achieve the goals and outputs set out for the three priority programme areas: reproductive health, including family planning and sexual health; population and development strategies; and advocacy in the country programmes and the intercountry programme, taking into consideration the projected resources available. It is expected that the multi-year funding framework, which the Fund is currently developing in consultation with the Executive Board, will further facilitate and sharpen this planning process.

7. The proposed work plan for the period 2000-2003 estimates programmable resources based on an income assumption of $280 million in 1999 minus the necessary support budget and the additions to the operational reserve. While it is expected that it will be possible to provide more predictable patterns of future income growth as the multi-year funding framework becomes

operational, the Executive Director, in line with Executive Board's approval of the work plan for 1999-2002, assumed a constant 7 per cent income growth rate for the current work-plan period.

8. These assumptions result in an income projection for the period 2000-2003 of $1,331 million from regular resources, representing a decrease compared to last year's work-plan period, 1999-2002, of $1,474 million. Based on past experience and current indications, income from multi-bilateral resources are estimated to average $35 million annually, or $140 million for the period of four years, yielding a total combined income of $1,471 million (see table E).

9. In line with the policy that priority be given to programmes while recognizing the need to cover support costs, the minimum amount of resources required for the support budget is calculated at a level of 18.5 per cent of combined regular and multi-bilateral income each year (or 20.4 per cent of the income from regular resources). This represents a total of $272 million for the four-year period, a decrease of $10 million from the last work plan. In view of the current income estimates, however, the Executive Director is not able to increase the programmable resources in absolute terms as well as proportionately.

10. Governing Council decision 93/28 reconfirmed that the level of operational reserve should be maintained at 20 per cent of general resource income for each year. At the end of 1997, the level of the operational reserve was $63 million. Given an income in 1998 of $278 million, the level was reduced by $7 million to $56 million and will remain at this level to the end of 1999 given the estimated income of $280 million for 1999. Maintaining the operational reserve at 20 per cent of the projected income, UNFPA would add a total of $18 million to the operational reserve over the period 2000-2003.

11. As a result of improved programme planning and management, UNFPA does not foresee any carry-forwards from regular resources from 1999 to the new work-plan period nor from this period to the period starting 2004. Any carry-forwards from multi-bilateral resources are disregarded by assuming that carry-forwards into a given year and from that same year to the following one are equal.

12. With the above assumptions, the programmable resources from regular resources are projected to increase from $220 million for 1999 to $234 million for 2000, $250 million for 2001, $269 million for 2002 and $288 million for 2003. This yields a total of $1,041 million for the four-year period, compared to $1,174 million that was estimated last year for the period 1999-2002. Since multi-bilateral income is fully used for programmes, the total combined programmable resources from regular and multi-bilateral resources are estimated at $1,181 million for the period or an annual average of $295 million in comparison to $319 million estimated in the last work-plan period. This regrettably will compel UNFPA to scale back future programming considerably (see table F).

B. Resource distribution for 2000-2003

13. As indicated, the planned distribution of total programmable resources from regular resources for 2000-2003 is based on, inter alia, the commitments and needs of the current and planned country programmes, intercountry programmes and technical support services. The linkages between the commitments, programme needs, income requirements and results will be further developed in the context of the new multi-year funding framework. While programmable resources are 11 per cent lower than the level foreseen in last year's work plan, the Executive Director proposes to distribute the absolute amount of $758 million for country activities, an average reduction of 10 per cent compared to what was previously foreseen. Accordingly, a new cycle of TSS, which is subject to approval by the Executive Board at its third regular session 1999, is estimated to require $97 million, 9 per cent less than the amount approved by the Board for the current cycle of 1996-1999. Administrative and operational services costs for United Nations agency-executed projects (see Governing Council decision 91/37) and other projects are estimated at $36 million from regular resources for the period 2000-2003, or $4 million less than for the period of 1999-2002.

14. According to Executive Board decision 96/15, which guides UNFPA resource allocation to countries, the countries of category A, which require the largest proportion of UNFPA support in order to achieve the goals set out in the ICPD Programme of Action, has increased from 56 per cent in 1995 to 63 per cent for the period 1996-1998 and is expected to increase to 67 per cent for the period 2000-2003; the share for category B countries is planned to average 24 per cent for the period 2000-2003; the share of resources for category C countries to average 5 per cent; and for other countries and countries with economies in transition the share will be an average of 4 per cent for the same period. UNFPA's planning thus ensures that the targets for resource allocation in line with Executive Board decision 96/15 will have been achieved by the year 2000 (see table G).

15. While the precise amount to be allocated to each country for the period 2000-2003 cannot yet be determined, this work plan has set tentative figures for regions. The proposed required distribution of resources takes into consideration that sub-Saharan Africa has the largest number of least developed and low income countries and that Asia has a large number of countries in category A. The work plan presented last year already reflected this approach, and, therefore, no major changes in the distribution pattern is expected in comparison with last year's work plan (see table H). Africa and the Asia and Pacific regions will receive 39 per cent and 38 per cent of the regular programme resources, respectively, but they receive fewer total resources in this work plan period than in the last.

16. The balance of commitments from regular resources for country programmes as of January 2000 is estimated at about $391 million. This is based on: the analysis of the status of financial implementation of UNFPA programmes and projects (see document DP/FPA/1999/10), which will be more systematically tied to the future multi-year funding framework, especially to the analysis of programme results; and on expected expenditures in 1999. The balance of commitments is 52 per cent of the $758 million regular resources expected to be available for the period 2000-2003,

leaving $367 million for new country programmes, in comparison with $364 million projected in the previous work-plan period (see table I).

17. In 1995 the Executive Board approved the UNFPA intercountry programme, comprising regional and interregional activities, for the period 1996-1999 in the amount of $175 million, or 15 per cent of programmable resources from regular resources. A new cycle of the intercountry programme for the period of 2000-2003 will be submitted to the Board at its first regular session 2000. Reflecting the projected decline in resources, the intercountry programme is also expected to be downsized considerably. The Executive Director proposes that a slightly smaller proportion of programme funds be provided for the intercountry programme, which in absolute terms would amount to $150 million, a 14 per cent decrease compared to the current cycle of 1996-1999. Within the intercountry programme, the Executive Director plans to allocate $61 million (an annual average of $15 million) from regular resources for regional activities and $89 million (an annual average of $22 million) for interregional activities for the period.

C. Request for programme expenditure authority

18. Governing Council decision 89/46B approved the proposal of the Executive Director that programme expenditure authority for regular resources for the next year be set at the level of estimated new programmable resources. Furthermore, the Governing Council endorsed in the same decision the principle that for the subsequent three years of the work-plan period estimated amounts of new programmable resources be determined in order to provide guidance for future programming; this projection is reviewed and, as necessary, revised and updated on a rolling basis every year.

19. The proposed programme expenditure authority from regular resources for 2000 amounts to $234 million, and the new programmable resources for 2001, 2002 and 2003 are estimated at $250 million, $269 million and $288 million, respectively. The programme expenditure authority does not include the use of multi-bilateral resources since it is decided by the concerned donors themselves (see table J).

V. RECOMMENDATIONS

20. The Executive Director recommends that the Executive Board:

a. Endorse the Executive Director's programme resource planning proposals set out in paragraphs 6 to 17;

b. Approve the request for the 2000 programme expenditure authority at a level equal to expected new programmable resources for 2000, currently estimated at $234 million;

c. Endorse the use of the following estimates of new programmable resources from regular resources for programme planning for the 2001-2003 period: $250 million for 2001; $269 million for 2002; and $288 million for 2003;

d. Also endorse the use of new programmable resources from multi-bilateral funding at $35 million per year for the years 2000-2003.

ANNEX

Table A. Calculation of programmable resources for 1997 and 1998

(MILLIONS OF US DOLLARS)

	1997	1998 (PROVISIONAL)
REGULAR RESOURCES		
(1) INCOME	289.7[A]	278.0
(2) NET SUPPORT COSTS	58.3[A]	53.5
(3) ADDITIONS TO THE OPERATIONAL RESERVE	0.0[A]	-7.0
(3A) GLOBAL CONTRACEPTIVE COMMODITY PROGRAMME	1.7[A]	0.0
(4) NEW PROGRAMMABLE RESOURCES (1)-(2)-(3)-(3A)	229.7	231.5
(5) CARRY-FORWARDS FROM PREVIOUS YEAR	27.2[A]	11.5[A]
(6) TOTAL PROGRAMMABLE RESOURCES (4) + (5)	256.9	243.0
MULTI-BILATERAL RESOURCES		
(7) NET INCOME AVAILABLE AS NEW PROGRAMMABLE RESOURCES	28.4	28.5
(8) CARRY-FORWARDS FROM PREVIOUS YEAR	21.5	33.6
(9) TOTAL PROGRAMMABLE RESOURCES (7) + (8)	49.9	62.1
COMBINED RESOURCES		
(10) TOTAL PROGRAMMABLE RESOURCES (6) + (9)	306.8	305.1

(A) SEE DOCUMENT DP/FPA/1998/9, ANNEX.

Table B. Summary of programme expenditures for 1997 and 1998

(MILLIONS OF US DOLLARS)

	1997	1998 (PROVISIONAL)
REGULAR RESOURCES		
(1) PROJECT EXPENDITURES	214.4[A]	216.6
(2) TECHNICAL SUPPORT SERVICES (TSS)	23.5[A]	22.3
(3) ADMINISTRATIVE AND OPERATIONAL SERVICES (AOS)	7.3[A]	9.1
(4) PROGRAMME EXPENDITURES (1) + (2) + (3)	245.3[A]	248.0
MULTI-BILATERAL RESOURCES		
(5) PROJECT EXPENDITURES	16.9	22.6
(6) ADMINISTRATIVE AND OPERATIONAL SERVICES (AOS)	0.8	1.1
(7) PROGRAMME EXPENDITURES (5) + (6)	17.7	23.7
COMBINED RESOURCES		
(8) PROJECT EXPENDITURES (1) + (5)	231.3	239.2
(9) PROGRAMME EXPENDITURES (4) + (7).	263.0	271.7

(A) SEE DOCUMENT DP/FPA/1998/9, ANNEX.

Table C. Performance indices for 1997 and 1998

(MILLIONS OF US DOLLARS)

	1997	1998 (PROVISIONAL)
REGULAR RESOURCES		
(1) TOTAL PROGRAMMABLE RESOURCES[A]	256.9	243.0
(2) PROGRAMME EXPENDITURES[B]	245.3	248.0
(3) RESOURCE UTILIZATION RATE (2)/(1)[C]	95%	102%
REGULAR AND MULTI-BILATERAL RESOURCES COMBINED		
(4) TOTAL PROGRAMMABLE RESOURCES[D]	306.8	305.1
(5) PROGRAMME EXPENDITURES[E]	263.0	271.7
(6) RESOURCE UTILIZATION RATE (5)/(4)[C]	86%	89%

(A) SEE TABLE A, LINE (6).
(B) SEE TABLE B, LINE (4).
(C) THE RESOURCE UTILIZATION RATE IS THE RATIO OF PROGRAMME EXPENDITURES TO TOTAL PROGRAMMABLE RESOURCES.
(D) SEE TABLE A, LINE (10).
(E) SEE TABLE B, LINE (9).

Table D. Amounts of country programmes approved in 1996-1999[A]

REGULAR RESOURCES (MILLIONS OF US DOLLARS)

CORE PROGRAMME AREA	YEAR OF APPROVAL									
	1996[B]		1997		1998		1999 (PROVISIONAL)		TOTAL	
	($)	(%)	($)	(%)	($)	(%)	($)	(%)	($)	(%)
REPRODUCTIVE HEALTH	72.2	65%	274.3	73%	167.4	71%	17.4	64%	531.3	71%
POPULATION AND DEVELOPMENT STRATEGIES[C]	23.1	21%	64.5	17%	49.3	21%	7.2	27%	144.1	19%
ADVOCACY	15.2	14%	39.3	10%	18.3	8%	2.4	9%	75.2	10%
TOTAL	110.5	100%	378.1	100%	235.0	100%	27.0	100%	750.6	100%

(A) INCLUDES SUBMISSIONS TO THE FIRST AND SECOND REGULAR SESSIONS IN 1999.
(B) INCLUDES $4 MILLION APPROVED UNDER THE NEW CORE PROGRAMME AREAS IN 1995.
(C) INCLUDES PROGRAMME COORDINATION AND DEVELOPMENT.

Table E. New programmable resources for 2000-2003

(MILLIONS OF US DOLLARS)

	2000	2001	2002	2003	2000-2003
REGULAR RESOURCES					
(1) INCOME	300	321	343	367	1,331
(2) NET SUPPORT BUDGET .	62	66	70	74	272
(3) ADDITION TO THE OPERATIONAL RESERVE	4	5	4	5	18
(4) SUBTOTAL (2)+(3)	66	71	74	79	290
(5) AVAILABLE AS NEW PROGRAMMABLE RESOURCES (1)-(4)	234	250	269	288	1,041
MULTI-BILATERAL RESOURCES					
(6) NET INCOME AVAILABLE AS NEW PROGRAMMABLE RESOURCES	35	35	35	35	140
COMBINED RESOURCES					
(7) INCOME (1) + (6)	335	356	378	402	1,471
(8) AVAILABLE AS NEW PROGRAMMABLE RESOURCES (5) + (6)	269	285	304	323	1,181

Table F. Intended distribution of programmable resources among country and intercountry activities, work plan 1999-2002 and work plan 2000-2003

(MILLIONS OF US DOLLARS)

	WORK PLAN 1999-2002[A]			WORK PLAN 2000-2003		
	TOTAL ($)	ANNUAL ($)	AVERAGE (%)	TOTAL ($)	ANNUAL ($)	AVERAGE (%)
REGULAR RESOURCES						
(1) COUNTRY ACTIVITIES	846	212	72%	758	190	73%
(2) TECHNICAL SUPPORT SERVICES[B]	112	28	10%	97	24	9%
(3) ADMINISTRATIVE & OPERATIONAL SERVICES	40	10	3%	36	9	4%
(4) REGIONAL ACTIVITIES	72	18	6%	61	15	6%
(5) INTERREGIONAL ACTIVITIES	104	26	9%	89	22	8%
(6) INTERCOUNTRY ACTIVITIES (4) + (5)	176	44	15%	150	37	14%
(7) TOTAL (1) + (2) + (3) + (6)	1,174	294	100%	1,041[C]	260	100%
MULTI-BILATERAL RESOURCES						
(8) ACTIVITIES	93	23	93%	133	33	95%
(9) ADMINISTRATIVE AND OPERATIONAL SERVICES	7	2	7%	7	2	5%
(10) TOTAL (8) + (9)	100	25	100%	140[D]	35	100%
COMBINED RESOURCES						
(11) ACTIVITIES (1) + (6) + (8)	1,115	279		1,041	260	
(12) TOTAL (7) + (10)	1,274	319		1,181	295	

(A) SEE DOCUMENT DP/FPA/1998/5, TABLE F, WHICH WAS REVISED TO REFLECT DECISION 98/11. FIGURES MAY NOT ADD UP TO TOTALS GIVEN DUE TO ROUNDING.
(B) INCLUDE OTHER TECHNICAL SERVICES SUCH AS UNAIDS, HUMAN RIGHTS, EMERGENCY AND UN STAFF COLLEGE.
(C) NO CARRY-FORWARDS ARE PROJECTED FROM REGULAR RESOURCES FROM 1999 TO THE NEW WORK PLAN PERIOD.
(D) CARRY-FORWARDS ARE NOT INCLUDED.

Table G. Intended country activities by group[A] for periods 1999-2002 and 2000-2003, compared with expenditures for 1995 and the period 1996-1998.

REGULAR RESOURCES (MILLIONS OF US DOLLARS)

	1995 (ACTUAL)		1996-1998 (PROVISIONAL)		INTENDED 1999-2002[B]		INTENDED 2000-2003	
			ANNUAL AVERAGE	% OF COUNTRY ACTIVITY	ANNUAL AVERAGE	% OF COUNTRY ACTIVITY	ANNUAL AVERAGE	% OF COUNTRY ACTIVITY
	($)	(%)	($)	(%)	($)	(%)	($)	(%)
GROUP A	103.5	56%	110.1	63%	142.3	67%	127	67%
GROUP B	60.5	33%	48.3	27%	50.3	24%	45	24%
GROUP C	13.8	8%	7.2	4%	10.7	5%	10	5%
OTHER COUNTRIES[C]	6.2	3%	10.8	6%	8.7	4%	8	4%
TOTAL	184.0	100%	176.4	100%	212.0	100%	190	100%

NOTE: AS CONTAINED IN EXECUTIVE BOARD DECISION 96/15, THE DISTRIBUTION OF RESOURCES TO THESE GROUPS OF COUNTRIES WILL BE AS FOLLOWS: 67-69 PER CENT TO GROUP A, 22-24 PER CENT TO GROUP B, 5-7 PER CENT TO GROUP C AND 3-4 PER CENT TO COUNTRIES WITH ECONOMIES IN TRANSITION, ON A TEMPORARY BASIS, AND 0.5 PER CENT TO OTHER COUNTRIES.

(A) AS DEFINED IN DOCUMENT DP/FPA/1996/15.

(B) SEE DOCUMENT DP/FPA/1998/5, TABLE G, WHICH WAS REVISED TO REFLECT DECISION 98/11.

(C) COUNTRIES WITH ECONOMIES IN TRANSITION AS WELL AS OTHER COUNTRIES NOT INCLUDED IN GROUPS A, B OR C.

Table H. Intended country activities by region for the periods 1999-2002 and 2000-2003, compared with expenditures for 1995 and the period 1996-1998.

REGULAR RESOURCES (MILLIONS OF US DOLLARS)

	1995 (ACTUAL)		1996-1998 (PROVISIONAL)		INTENDED 1999-2002[A]		INTENDED 2000-2003	
			ANNUAL AVERAGE	% OF COUNTRY ACTIVITY	ANNUAL AVERAGE	% OF COUNTRY ACTIVITY	ANNUAL AVERAGE	% OF COUNTRY ACTIVITY
	($)	(%)	($)	(%)	($)	(%)	($)	(%)
AFRICA (SUB-SAHARAN)	65.2	36%	65.8	37%	82.3	39%	74	39%
ARAB STATES AND EUROPE	23.9	13%	22.2	13%	26.1	12%	23	12%
ASIA AND THE PACIFIC	66.6	36%	64.9	37%	81.3	38%	73	38%
LATIN AMERICA & CARIB.	28.3	15%	23.5	13%	22.3	11%	20	11%
TOTAL	184.0	100%	176.4	100%	212.0	100%	190	100%

(A) SEE DOCUMENT DP/FPA/1998/5, TABLE H, WHICH WAS REVISED TO REFLECT DECISION 98/11.

Table I. Intended country activities for 2000-2003 and amounts already programmed

REGULAR RESOURCES (MILLIONS OF US DOLLARS)

	2000-2003		
	TOTAL COUNTRY ACTIVITIES	AMOUNT ALREADY PROGRAMMED (ESTIMATE)	AMOUNT ALREADY PROGRAMMED AS PERCENTAGE OF REGION TOTAL
	($)	($)	(%)
AFRICA (SUB-SAHARAN)	294	178	61%
ARAB STATES AND EUROPE	93	49	53%
ASIA AND THE PACIFIC	291	133	46%
LATIN AMERICA AND THE CARIBBEAN	80	31	39%
TOTAL	758	391	52%

Table J. Proposed programme expenditure authority for 2000 and estimates for new programmable resources for 2001-2003

REGULAR RESOURCES (MILLIONS OF US DOLLARS)

	2000	2001	2002	2003	TOTAL 2000-2003
NEW PROGRAMMABLE RESOURCES[A]	234	250	269	288	1,041

(A)SEE TABLE E, LINE 5, OF THIS REPORT.

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